

**KEYNOTE ADDRESS BY SECRETARY (EAST)**  
**AT THE INAUGURAL SESSION OF THE**  
**ROUNDTABLE ON ASEAN-INDIA AIR CONNECTIVITY**  
**NEW DELHI, 28 SEPTEMBER, 2015**

Amb. Shyam Saran, Chairman, RIS,

Shri Anil Shrivastava, Joint Secretary, Ministry of Civil Aviation,

Representatives of Airlines, Logistics Industries and Industry Associations,

Prof. Prabir De, Coordinator, ASEAN-India Centre,

Ladies and Gentlemen,

I extend a warm welcome to all participants who are present here today to discuss the way forward for air connectivity between ASEAN and India. I compliment the ASEAN-India Centre for organising this Roundtable and for assembling in this room some of the key stakeholders in India's air transport infrastructure.

2. We are told that the sky is the limit, but we are gathered here today to test that limit and expand the horizons of our relations with our eastern neighbourhood, in particular with the ASEAN region. We live in a world where age old barriers have been significantly reduced due to a transformative rise in connectivity, between cities, amongst nations and across continents. Advancements in science and technology have accelerated physical, economic, institutional, social and cultural connectivity.

3. Whilst the world may be connected now more than ever, South East Asia and India have always shared an intimate and long history of economic, cultural and religious exchanges through maritime and over-land routes, which has had a lasting impact on our relations and enriched and shaped our great civilisations.

4. It is against this background of a history of deep association and expansive linkages between ASEAN and India, and a desire to keep apace with a highly integrated and globalised world today, that enhancing connectivity between ASEAN and India has formed a major thrust of our erstwhile Look East Policy, and its more recent and refined version as the Act East Policy today. The Act East Policy envisions increased cooperation in trade, investment, infrastructure development, capacity building, strengthening people-to-people contacts in the region, as well as connectivity, the last of these being the biggest facilitator for achieving the former objectives.

5. Connectivity in all its aspects - physical, digital, institutional and people-to-people, is one of the foremost priorities in the ASEAN-India strategic partnership. Physical connectivity can be split into land, maritime and air connectivity. It is important that today's Roundtable discuss, analyse and try and synthesize the various components that would help us strengthen India's air transport linkages with Southeast Asia to mutual benefit.

6. India's commitment to enhancing its air connectivity with ASEAN became formally established with India's announcement to work towards a Partial Open Skies Agreement with ASEAN in 2003, with a view to liberalising it further over the years, eventually hoping to lead to an Open Skies Agreement. ASEAN-India aviation cooperation framework was adopted at the 14<sup>th</sup> Transport Ministers Meeting in Makati, Philippines on 6 November, 2008. The Ministry of Civil Aviation has already adopted an Open Sky Policy on Cargo for ASEAN nations. As regards an Open Sky Policy for Passenger Traffic, at present 18 destinations of tourist and business interests are available to ASEAN countries in Tier II and III cities out of which only 7 have been utilized.

7. I personally foresee large economic dividends for ASEAN and India if agreement on reciprocating higher degrees of Freedom of the Air is pursued, especially at a time when ASEAN is moving towards the ASEAN Economic Community and the ASEAN Singular Aviation Market (ASAM), with encouraging signs already shown by Indonesia's recent ratification of ASEAN's Multilateral Agreement on Air Services (MAAS).

8. With the Free Trade Agreement in goods between India and ASEAN coming in effect from 1 January 2010, the ASEAN-India partnership has assumed greater economic depth. Two-way trade between ASEAN and India crossed US\$ 76.53 billion in 2014-15, with ASEAN being India's 4<sup>th</sup> largest trading partner, and we being ASEAN's 7<sup>th</sup> largest partner. As ASEAN and India continue to take strides on the economic front with the entry into force of the ASEAN-India Free Trade Agreements on Services and Investment w.e.f. 1 July, 2015 and the ongoing negotiation on the Regional Comprehensive Economic Partnership Agreement (RCEP), it becomes imperative that parallel efforts be made for enhanced connectivity.

9. Two factors that have a significant bearing on trade and investment are connectivity and access to infrastructure finance. Connectivity in all its dimensions is receiving the highest priority on the ASEAN-India cooperation agenda. India supports the Master Plan on ASEAN Connectivity and has annual consultations with the ASEAN Connectivity Coordination Committee. Some key ASEAN-India connectivity projects that are under progress include the India-Myanmar-Thailand Trilateral Highway project, the Kaladan Multimodal Transit Transport Project and the Mekong-Ganga Economic

Corridor, which are developing alongside India's own national connectivity projects. We have just concluded negotiations on a Trilateral Motor Vehicles Agreement, and are also negotiating a Maritime Transport Cooperation Agreement with ASEAN in order to strengthen maritime connectivity.

10. The second factor in trade and investment is access to infrastructure finance. Here, India has also taken steps to ensure that finance is available for infrastructure projects. India is working to create a Special Facility for project financing and quick implementation of connectivity projects with ASEAN, whereby industry could receive government support for investments in connectivity projects with the ASEAN region. This initiative is expected to provide a further fillip to trade and investment as well as to integrating our producers and manufacturers in regional value chains.

11. The Ministry of Commerce and Industry is also working on a Project Development Company to nurture businesses in CLMV countries, with a view of expanding our trade and investment relations.

12. Enhanced air connectivity will play an important role in reaching our trade target of US\$ 200 billion by 2022. Air connectivity is key to sourcing intermediate goods and services, which feed into our industries, and transporting finished goods to the ultimate destinations. It is an important mode of transportation for carrying passengers, high-value fragile goods and perishable commodities from one place to another within a limited time.

13. Given the importance of global value chains and regional production networks, there is a growing demand for air cargo services. Faster movement of raw materials, components, parts and spares help firms in maintaining lower inventories and enhancing production efficacy. Besides, growth of passenger fleets would provide ample belly capacity for cargo movement, both in the domestic and international segments. Therefore, addressing the lacunae in the air cargo segment would enable the promotion of trade integration between ASEAN and India.

14. Minimising time and transportation costs is essential for the sustenance and smooth functioning of stronger production networks. In India, air transport has contributed significantly to the rapid growth in the country's international trade by offering a reliable and faster mode of transport services to move products across long distances. As India strives to transform itself into a global manufacturing hub by building regional production and supply chain networks with Southeast and East Asia, improved air connectivity would be essential to fulfilling our economic objectives in the region.

15. Increasing the number of airlines participating in air cargo services is one way

of liberalizing the air-cargo industry. Allowing ASEAN companies in cargo operation could not only bring valuable FDI to India, but also help introduce new technology to the airlines industry in India.

16. Air travel has changed considerably over the last few decades. With major improvements in technology, air travel is not only more efficient, making distances between countries shorter, but it has also become much more affordable. The continued growth of low cost carriers (LCCs) and their increased penetration into both Indian and ASEAN markets has made air travel more accessible. However, India's passenger air travel arrangements with ASEAN countries are not unified at present, with, for example, only 5 out of 10 ASEAN countries having a direct flight connection to India at present.

17. According to the ASEAN-India Centre's study that we will discuss today, there was a near 50 percent increase in the passenger flow between ASEAN and India from 2005-06 to 2013-14, mostly from Singapore, Thailand and Malaysia, countries with which India has a direct flight connection. ASEAN passenger inflow to India has also been increasing steadily over the years. The passenger inflow from ASEAN countries to India is, however, smaller than passenger outflow from India to ASEAN countries.

18. Rising consumer demand needs to be met with joint efforts between ASEAN and India for improved air services. This could also facilitate a larger number of tourists between India and ASEAN and it is especially important as India has already taken the first step by offering e-visa facilities to 9 ASEAN member states. There is considerable interest from ASEAN tourists to visit the North Eastern part of India, in addition to specific Buddhist sites across the country.

19. The Open Skies arrangement in air cargo could also lead to attract higher investment in airport infrastructure in India. One successful example is the new airport in Andal, West Bengal, set up by the Bengal Aerotropolis Projects Limited (BAPS) with technical and financial assistance from Singapore's Changi Airports International (CAI). Similar initiatives in the north-eastern region of India, India's gateway to East Asia, could also attract ASEAN investments in India, whilst also promoting trade and tourism between ASEAN and India.

20. The entry of leading private air cargo companies has also brought in a wave of increasing automation, mechanization and process improvement initiatives at major air cargo terminals in the country. Air cargo terminals at Delhi International Airport have done considerably well in improving terminal productivity. Investments in air cargo handling facilities at Indian airports by prominent logistics and cargo companies of ASEAN are expected to yield higher air cargo output and improved services. At the same time, Indian developers are also building airports in ASEAN, and looking forward

to invest in the aviation sector in CLMV countries.

21. On the air connectivity front, India and ASEAN carriers are also entering into code share agreements with foreign airlines, such as the one between Jet Airways and Vietnam Airlines. Once the market size becomes bigger, more and more carriers between India and ASEAN could engage in joint ventures, for serving new destinations and promoting sales across borders. Business opportunities are therefore ample. However, to unlock such potential, we need both concrete steps and strategy.

22. I have briefly touched upon some of the key issues pertaining to the ASEAN-India air connectivity agenda. It is our hope that increased air-connectivity will integrate our economies, our region and our peoples towards reaching their shared destiny of a bright and prosperous future.

23. I look forward to the discussions today to identify the way forward on ASEAN-India air transport cooperation. This subject is part of our discussions with the ASEAN Connectivity Coordinating Committee (ACCC), due next month, and your recommendations will prove valuable in our discussions.

24. I wish you all success and hope that the discussions in each of the sessions would emphasize the specifics to help us build a calibrated approach. I would like to, once again, commend the ASEAN-India Centre and RIS for putting together the excellent sessions and panels for discussion today.

Thank you.